

From: Matt Melvin [melvin@ucmo.edu]
Sent: Thursday, January 08, 2009 1:33 PM
To: Wade, Leroy
Subject: Public Policy on State Financial Aid Programs

Attached is a response from Commission Stein's memo on December 15, 2008 regarding the development of public policy on state financial aid programs.

If you have questions or need more information, do not hesitate to contact me.

Matt Melvin
Assistant Provost for Enrollment Management
University of Central Missouri

Memo

To: Leroy Wade, Assistant Commissioner
From: Matt Melvin, Assistant Provost for Enrollment Management, University of Central Missouri
CC: George Wilson, Provost, University of Central Missouri
Ann Pearce, Chief of Staff, University of Central Missouri
Date: 1/15/2009
Re: Public Policy on State Financial Aid Programs

This is being written in response to the memo distributed by Robert Stein on 12.15.08 requesting that institutions provide MDHE responses in preparation for the February CBHE meeting where public policy regarding state aid programs will be discussed.

Specifically, we were asked to respond to three questions:

Identification of data elements and summaries MDHE could provide that would add value to the public policy discussion

Outcome data evaluating the success of each of the state aid programs in achieving its desired objective would be beneficial to all particularly regarding programs that impact UCM and its students the most (A+ program, Bright Flight and Access Missouri Grant). Persistence, progression, completion, graduation and employment metrics would allow public policy makers to determine if programs are meeting their initial, intended purpose and are effective in developing a more educated Missouri citizenry and workforce or if they are simply “feel good” strategies that have drifted away from achieving their intended purpose. The development of a financial profile of students and families that are benefitting from state aid programs is also warranted to determine if state aid dollars are being distributed to those with the highest level of need or if they are being distributed to students and families with medium to low level of need that are fortunate to live in areas where they can benefit from attendance at an A+ designated high school or have the family, social, education and economic support systems in place necessary to qualify to receive Bright Flight.

Similarly, it is critical to review the state aid programs to determine the unintended consequences that may have been created as a result of their implementation. Longitudinal tracking studies of specific cohorts of students receiving state aid would enable public policy makers to evaluate the effectiveness of various state aid programs to ensure that dollars are being appropriately and effectively leveraged to meet the needs of students and families in Missouri as well as the educational goals of the state.

Institutional Research and Analysis about students who receive state financial aid

Attached in a separate document is financial information regarding the students and families at UCM receiving state aid during the 08-09 academic year. As is evident, several of the state aid programs available have little impact on students attending UCM either due to four-year institutions not being eligible to participate in the program (A+) or because they are designed for such specific market niches that no one qualifies. If these low numbers of participants are evident at other institutions, it is seemingly a problem since a state aid program should be designed to serve greater numbers of students and families.

As you are aware, the Access Missouri program is relatively new and we are anxious to see the impact this aid program has on persistence, progression and graduation rates. Our internal data indicates that need does not have an impact on yield. This is due to the unfortunate fact that those with the highest need often have the lowest level of college readiness which limits their consideration set dramatically since they often do not qualify for institutionally-based merit aid. However, our internal data clearly indicate the impact of unmet need in terms of persistence, progression, retention and graduation. Large levels of unmet need often lead to behaviors that do not support student success (working large amount of hours off campus, attending part-time, living off-campus, multiple jobs, leaving campus to return home to work on weekends) which is particularly damaging to students that often come to higher education with low levels of college readiness. Thus, we support the continued funding and existing eligibility guidelines of need-based aid programs such as Access Missouri as well as continued efforts to decrease reliance on student loans at the undergraduate level, particularly for cohorts of students that have shown to be loan averse.

Due to UCM's position in the market, we are in direct competition with community colleges for lower-level undergraduate students. Both quantitative and qualitative data indicate UCM loses students that would attend if they could utilize their A+ benefits at four-year institutions. This suggests the A+ program is not providing access to students that would not attend without the award but rather who are electing to enter via the community college sector for strictly financial reasons. As such, the award does not appear to be enhancing the college going-rate of Missouri high school students but rather shifting enrollment patterns at both two-year and four-year institutions.

According to the latest report from the Chronicle Research Services, most students who attend a community college with the intention of earning a bachelor's degree never do so. One of three college-bound students start at a community college, but only one of four who enter with the intention of receiving a bachelor's degree ever receives one. Thus, a state aid policy that drives enrollment to community colleges is potentially having a negative impact on four-year degree attainment. In addition, several four year institutions have been forced to utilize institutional aid dollars to provide discounts to those students eligible for A+ dollars in an effort to attract these students to their campuses which serves to drive down net tuition revenue and potentially forces money away from need-based aid programs. It appears the program has increased competition between the two and four-year sector for an increasingly decreasing number of high school graduates particularly as the majority of students receiving A+ dollars do not appear to be enrolling in the technical training programs offered at community colleges but rather in transfer programs that compete directly with course offering at four-year institutions.

Furthermore, in contrast to what was expected when the A+ program was developed, UCM has not witnessed significant increases in transfer students as a result of the creation and implementation of this program. Whether these students are not moving through the educational pipeline or make the decision to continue enrollment at a four-year institution where they do not have to uproot and leave family, friends and employment is a question that without data mentioned earlier we really do not have an answer. Data sets need to be developed to enable the state to track and evaluate the effectiveness of the A+ program or consider expanding the program to those four-year institutions that currently do not benefit from this program in an effort to level the playing field.

Our data would also suggest that the Bright Flight program be reviewed to determine if it is having the desired impact considering its current level of funding, the relative high propensity of Missouri students to attend Missouri institutions, the current economic situation which indicates students are far less likely to attend an out-of-state institution, the increases in tuition that have decreased the purchasing power of the award and the increasing amount of institutionally funded merit-aid being provided at both public and private institutions in an effort to attract high ability students. There is a powerful correlation between family income and high achievement on the ACT. Based on data from our institution, the award is made to students that would already be attending higher education and who often come from families with low need. In addition, students receiving this award also receive additional institutional merit-based aid which leads to unintentional consequences of stacking aid

which again lowers net tuition revenue and leads to the most academically able and often wealthiest students receiving large amounts of state and institutional aid.

Position on Missouri Public Policy on State Student Financial Aid

The state must determine if it has the economic resources to fund entitlement programs, such as the A+ program, merit-based aid (Bright Flight) and need-based aid programs (Access Missouri). Few, if any, states have the luxury of being able to afford to fund both need and merit aid programs. Further review of programs that have recently been developed is also needed to determine the cost vs. benefit of these programs considering the relatively small numbers of students and families that are benefitting them.

Similarly, the state aid policy must be reviewed to determine the various sectors that should qualify to receive state aid dollars. Continuation of state aid programs to private institutions and the for-profit sector must be evaluated critically to determine the role the state should play in providing support for these institutions particularly when capacity exists at the majority of four-year public institutions in the state. Consideration must also be given to providing funds that can be utilized in one sector but not the others particularly when that sector is already a low-cost provider.

When one examines the demographic shifts that are expected to occur in Missouri through 2022, it is apparent that tomorrow's students will be increasingly diverse. As Sevier (1998) states, a sad reality of our society is that nonwhite populations simply, on average, do not have the financial resources of white populations. Current data show that nonwhite students are much less likely to be able to afford full or significant portions of their tuition and a large majority will require financial aid in order to attend an institution of higher education. Thus, we would strongly support the continuation of need-based aid programs designed to gap student's need after other types of federal grants and self-aid is applied, either the expansion of existing entitlement programs to four-year institutions through a voucher program or their elimination if data does not support they are achieving the desired result, and a review of the existing merit-based aid program to determine whether these dollars are being leverage to help the most needy Missouri families access and persist in higher education. Considering the relatively low college going-rate in the state of Missouri and the low percentage of bachelor's degree recipients in the state compared to other states, it seems prudent from a public policy perspective that state aid be targeted at enhancing access and success for those with the greatest financial need.

Scholarship	Recipients	Recvd FAFSA	Avg EFC	Avg Family Income
Access Missouri grant	2460	2460	\$4,664.12	\$45,046.39
Gear-Up Scholarship	2	2	\$1,380.00	\$36,932.00
Marguerite Ross Barnett	2	2	\$2,699.50	\$30,533.50
Bright Flight Missouri Survivor	149	108	\$9,304.52	\$53,509.17
Grant	4	2	\$1,555.25	\$20,892.50
Missouri Teacher Education	26	25	\$18,801.50	\$87,463.92
Robert Byrd Scholarship	1	1	\$9,440.00	\$88,721.00
	2644	2600		